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Overview - UK force structure costing

- ◆ Strategic Defence Review '99
- ◆ SMART procurement
- ◆ capability manager
- ◆ cost structure

UK force structure costing

- ◆ do we need it?
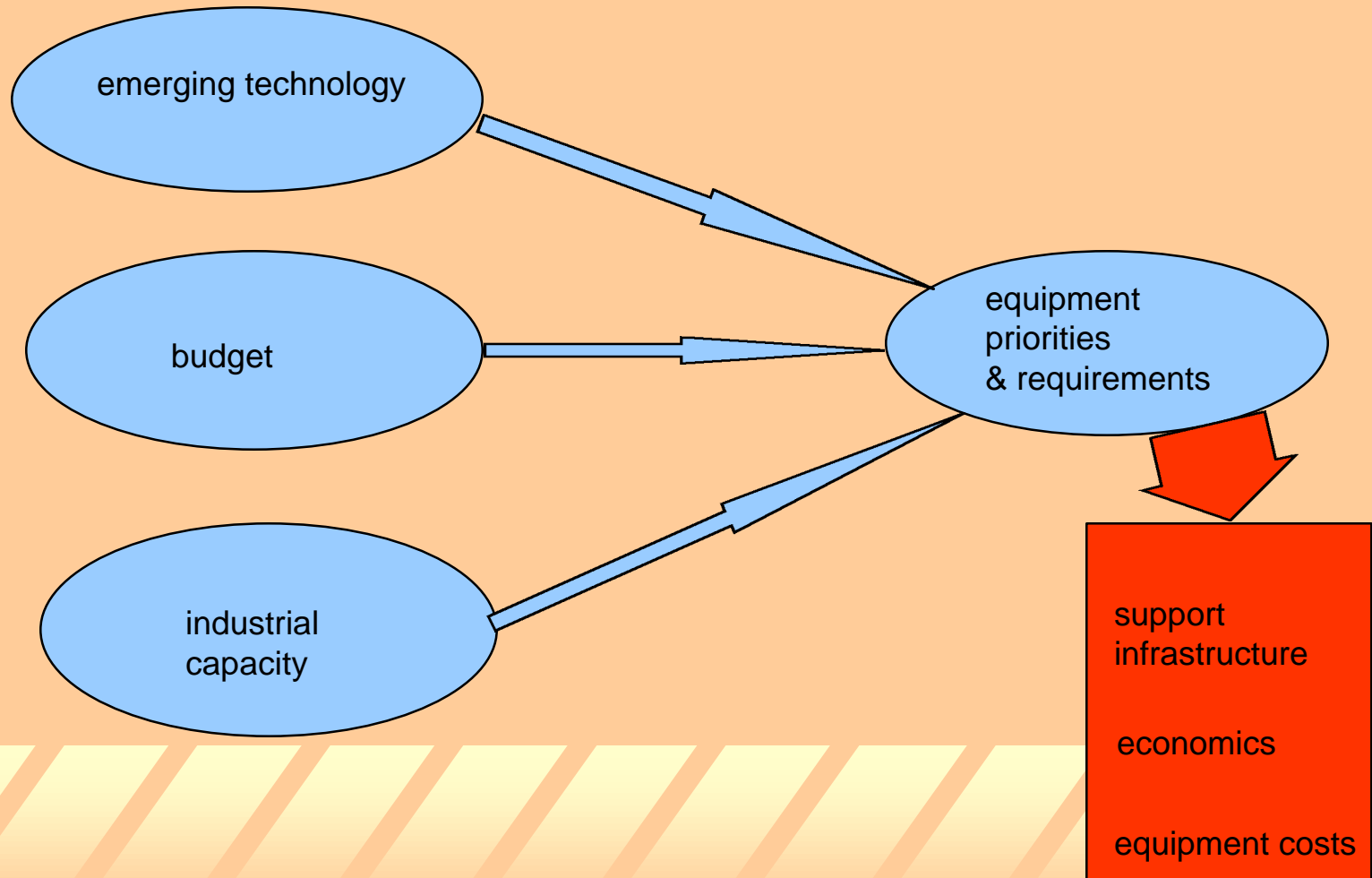- ◆ do we have it?

- ◆ yes
- ◆ yes, but need more

Strategic Defence Review (SDR)

◆ improve the life cycle of defence equipment

– directed capability

– front line force

– SMART procurement

– organisational structure

– Capability Manager

– Defence Logistics Organisation

– Defence Procurement Agency

the Capability Manager

- ◆ military OR staff & Scientists
- ◆ Balance Of Investment studies increased
- ◆ Applied Research Programme
- ◆ budget allocation?

the Capability Manager

providing defence capability

The total resource required to assemble, equip, sustain and operate a specified military capability, as detailed in the Departmental Plan at agreed levels of readiness, performance and safety. It comprises the costs to develop, acquire, own, operate and dispose or re-deploy defence equipment and property. It includes also the costs to recruit, retain and train military personnel as well as the costs of higher organisations and formations.
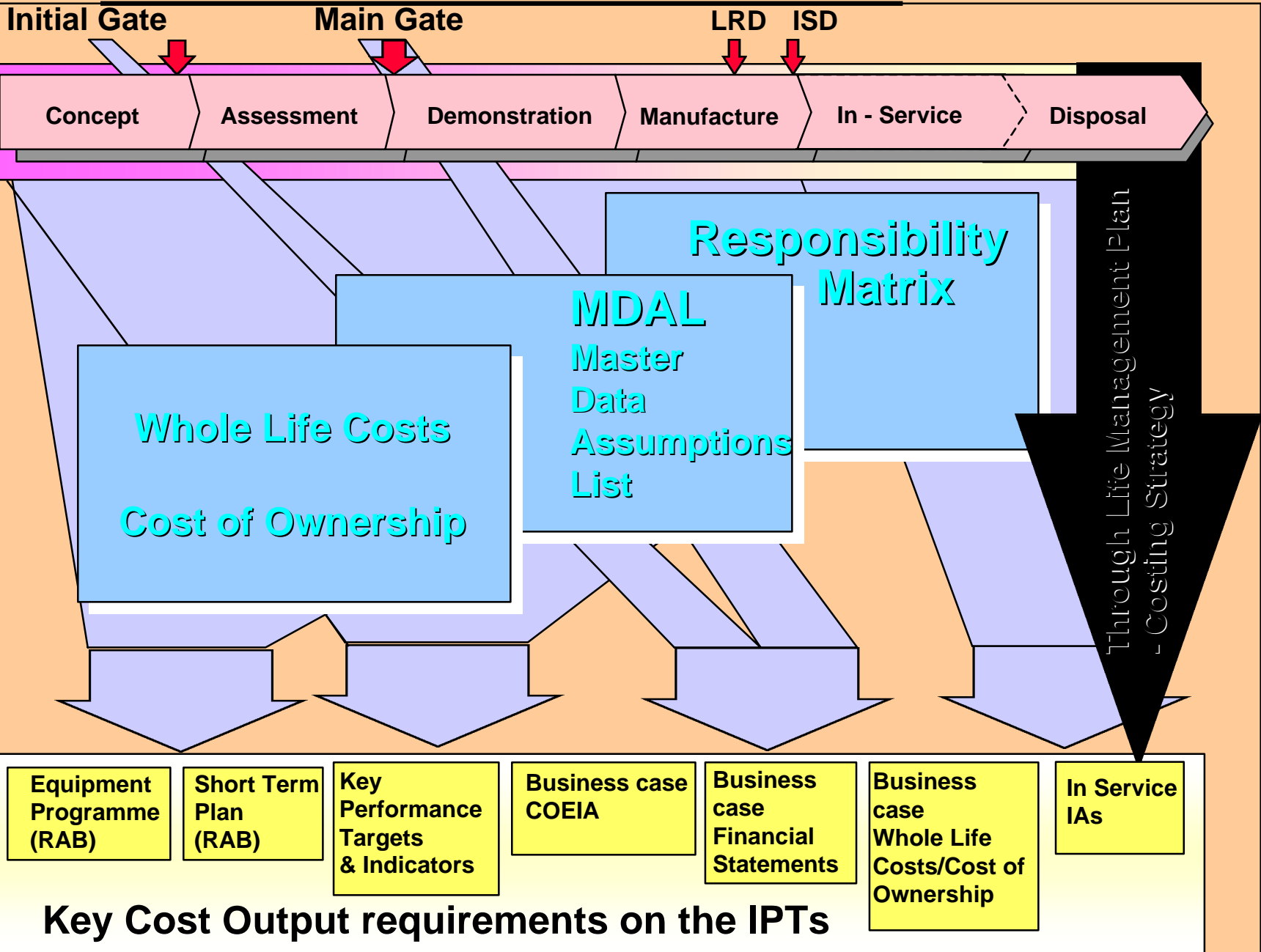
Chief of Defence Procurement stated:

"We need to integrate logistics and procurement so that we look at the cost of equipment throughout its life, not just at its introduction…in the past we have separated our research from our project management and treated both as separate from through life support. That will change…"

SMART procurement:

- quicker, cheaper, better
- reduced acquisition timescale
- clear decision points: to proceed?
- Integrated Project Teams
- involve Industry
- flexible approach to procurement

INTEGRATED COST FORECASTING

Initial Gate **Main Gate** **LRD** **ISD**

Concept | Assessment | Demonstration | Manufacture | In - Service | Disposal

Responsibility Matrix

MDAL
Master
Data
Assumptions
List

Whole Life Costs

Cost of Ownership

Through Life Management Plan - Costing Strategy

| Equipment Programme (RAB) | Short Term Plan (RAB) | Key Performance Targets & Indicators | Business case COEIA | Business case Financial Statements | Business case Whole Life Costs/Cost of Ownership | In Service IAs |

Key Cost Output requirements on the IPTs

integration through:

- **Through Life Management Plan**

- **Responsibility Matrix**

- **Master Data & Assumptions List**

- **suitable Cost Models**

- **validated data**

- **management**

costed force structure

- costing make up:

  - equipment   good
  - economic   reasonable
  - infrastructure   little knowledge